

REFERENCE TITLE: **accountable health plans; loss ratios**

State of Arizona  
House of Representatives  
Forty-ninth Legislature  
First Regular Session  
2009

# **HB 2436**

Introduced by  
Representative Quelland

**AN ACT**

**AMENDING SECTION 20-2309, ARIZONA REVISED STATUTES; RELATING TO ACCOUNTABLE HEALTH PLANS.**

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2 Section 1. Section 20-2309, Arizona Revised Statutes, is amended to  
3 read:  
4 20-2309. Renewability; definition  
5 A. At least sixty days before the date of expiration of a health  
6 benefits plan, an accountable health plan that provides a health benefits  
7 plan shall provide for written notice to the employer of the terms for  
8 renewal of the plan. The notice shall include an explanation of the extent  
9 to which any increase in premiums is due to actual or expected claims  
10 experience of the individuals covered under the employer's health benefits  
11 plan contract **AND THE ACCOUNTABLE HEALTH PLAN'S LOSS RATIO FOR THE EMPLOYER.**  
12 B. An accountable health plan may refuse to renew or may terminate a  
13 health benefits plan only if:  
14 1. The employer fails to pay premiums or contributions in accordance  
15 with the terms of the health benefits plan of the accountable health plan or  
16 the accountable health plan does not receive premium payments in a timely  
17 manner.  
18 2. The employer committed an act or practice that constitutes fraud or  
19 made an intentional misrepresentation of material fact under the terms of the  
20 health benefits plan.  
21 3. The employer has failed to comply with a material plan provision  
22 relating to individual or employer participation rules as prescribed in  
23 subsection C of this section.  
24 4. The accountable health plan has ceased to offer new coverage and  
25 has terminated or ceased to renew all in-force coverage in the group market  
26 pursuant to this section.  
27 5. In the case of an accountable health plan that offers a health  
28 benefits plan through a network plan in this state, there is no longer any  
29 enrollee in connection with the accountable health plan who lives, resides or  
30 works in the service area of the accountable health plan or in the area  
31 served by the network plan for which the accountable health plan is  
32 authorized to do business and the accountable health plan would deny  
33 enrollment pursuant to section 20-2304, subsection G.  
34 6. In the case of an accountable health plan that offers a health  
35 benefits plan in the group market only through one or more bona fide  
36 associations, the membership of an employer in the association has ceased but  
37 only if that coverage is terminated uniformly without regard to any health  
38 status-related factor or any covered individual.  
39 C. An accountable health plan may require that a minimum percentage of  
40 employees who are not covered under a spouse's or parent's employer's health  
41 benefits plan be enrolled in a plan if the percentage is applied uniformly to  
42 all plans that are offered to employers of comparable size.  
43 D. An accountable health plan is not required to renew a health  
44 benefits plan with respect to an employer or individual if the accountable  
45 health plan:

1           1. Elects not to renew all of its health benefits plans that are  
2 issued to employers or individuals in this state.

3           2. Provides notice to the director at least five business days before  
4 the accountable health plan gives notice to each employer or individual  
5 covered under a health benefits plan of the intention to discontinue offering  
6 any health benefits plans in this state.

7           3. Provides notice of termination or nonrenewal to each employer or  
8 individual covered under a plan at least one hundred eighty days before the  
9 renewal date of the plan. If the accountable health plan terminates  
10 coverage, the accountable health plan may not issue a health benefits plan to  
11 an employer in this state during the five year period beginning on the  
12 termination date of the last plan that was not renewed.

13           E. If an accountable health plan decides to discontinue offering a  
14 particular health benefits plan offered in the group market, the accountable  
15 health plan may discontinue that coverage only if the accountable health  
16 plan:

17           1. Provides notice to the director at least five business days before  
18 the accountable health plan gives notice to each employer or individual  
19 covered under that health benefits plan of the intention to discontinue  
20 offering that health benefits plan in this state.

21           2. Provides notice to each employer or individual covered under that  
22 health benefits plan at least ninety days before the date of the  
23 discontinuation of that coverage.

24           3. Offers to each employer whose coverage is discontinued pursuant to  
25 this subsection the option to purchase all other health benefits plans  
26 currently offered by the accountable health plan for employers in the group  
27 market uniformly without regard to any health status-related factor of any  
28 employee or a spouse or a dependent of the employee enrolled or individuals  
29 who may become eligible for that coverage.

30           F. FOR THE PURPOSES OF THIS SECTION, "LOSS RATIO" MEANS THE PAID  
31 CLAIMS DURING THE PREVIOUS POLICY YEAR DIVIDED BY THE SUM OF EARNED PREMIUMS.

32           Sec. 2. Applicability

33           Section 20-2309, Arizona Revised Statutes, as amended by this act,  
34 applies to contracts that are renewed from and after December 31, 2009.